



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
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DATE: September 19, 2005

TO: Members of the Legislative Finance Committee

FROM: Barbara Smith, Associate Fiscal Analyst

RE: FY 2006 Fire Season Report

The fire season is not over yet. However, this update will provide you current information on initial attack, FY2006 costs and FY 2004 FEMA reimbursement issues.

INITIAL ATTACK

For the calendar year, 246 fires have burned 15,834 acres. Of these fires, 14 were assistance to counties for a total of 13,109 acres. The remaining 232 fires were direct protection fires for a total of 2,725 acres. Only five direct protection fires burned over ten acres. The initial attack success rate to date is 98 percent. The Fire and Aviation program of the Department of Natural Resources and Conservation established an initial attack performance goal that 95 percent of fires will be controlled to under ten acres.

The 2005 Legislature increased initial attack funding to the department by \$1.8 million over the biennium. This funding provided increased helitack support, the county co-op equipment program, and aviation support personnel. In addition the department received funds for an additional \$470,000 in biennial authority to build an additional UH-1 helicopter, increase interagency fire support, and provide for seasonal fire pay exception.

FY 2006 FIRE COSTS

To date, DNRC has paid \$3.1 million of the \$6.3 million in incurred fire costs, leaving an estimated balance owing of \$3.2 million. Because the legislature does not establish an appropriation for fire suppression, DNRC temporarily utilizes general fund appropriations in the Forestry Division to pay fire costs. The appropriations are restored when the supplemental appropriation fire appropriation is established.

To calculate the amount of the supplemental appropriation, the amount of funding available from other sources must be considered. Of the \$6.3 million, \$1.4 million is billable to the US Forest Service (USFS) or the Bureau of Land Management (BLM) and \$0.7 million was covered by the Governor's emergency fund, resulting in the need for a \$4.2 million supplemental appropriation so far for the 2007 biennium. As additional costs are incurred, this amount will change.

The table below summarizes this information.

FY 2006 Fire Suppression Costs As of September 15, 2005	
<u>PART 1: FY2006 Actual & Estimated Costs</u>	
Paid State Protection Costs	\$3,116,237
Estimated Remaining Protection Costs	<u>3,230,233</u>
Paid and Current Obligations	<u>6,346,470</u>
<u>PART 2: Costs Covered To Date</u>	
Paid and Current Obligations	\$6,346,470
Reimbursement Available	
Governors Emergency Fund -- \$ 688,022	
Billable Support - USFS/BLM - \$ 1,469,571	
	<u>\$2,157,593</u>
Estimated FY 06 Fire Costs - DNRC Supplemental	<u>\$4,188,877</u>

2004 FIRE COSTS/FEMA REIMBURSEMENT

At the end of FY 2005, DNRC requested and received \$5.6 million from the Governor's emergency fund to pay off the remaining costs of the FY 2004 fire season, pending receipt of Federal Emergency Management Agency (FEMA) funds. FEMA reimburses the state for the cost of fires that meet certain criteria for potential loss of property and /or life. Depending upon the nature of the fire season, FEMA can pay a significant share of the state's fire cost. For example, in FY 2001, FEMA paid 71 percent of the total state share fire bill (\$49.2 million), while in FY 2002 FEMA paid 21 percent of the total state share fire bill (\$12.8 million).

On September 14, 2005, DNRC received a \$267,000 payment from FEMA. In addition the department was notified that the staff handling Montana fire reimbursement had been reassigned to hurricane Katrina issues. At this time, it is not clear if or when Montana will receive the remaining \$5.3 million owed. In the meantime, the costs have been paid from the ending fund balance through the Governor's emergency fund.

Disasters have a direct impact on federal policy regarding FEMA assistance. After the Florida hurricanes of the summer of 2004, FEMA made adjustments to the assistance thresholds for fire reimbursement that increased costs to the states. In the aftermath of Katrina, it is likely that the criteria to access FEMA assistance for fire suppression will increase, again resulting in a potential cost shift back to the states. Staff will continue to monitor this issue and report as developments occur.